

## Message Text

LIMITED OFFICIAL USE

PAGE 01 HONG K 12730 240116Z

62

ACTION EA-10

INFO OCT-01 ISO-00 CU-02 CIAE-00 DODE-00 PM-03 H-01 INR-05

L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15

USIA-06 NIC-01 SAJ-01 SAM-01 IO-10 /068 W

----- 093116

R 220519Z NOV 74

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 2967

INFO USLO PEKING

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

LIMITED OFFICIAL USE HONG KONG 12730

E.O. 11652: N/A

TAGS: ECON EIND CH

SUBJ: TECHNOLOGICAL INNOVATION--- A SOURCE OF CONTENTION

SUMMARY: A NOVEMBER " RED -FLAG" ARTICLE CALLING FOR A MASS MOVEMENT IN TECHNOLOGICAL INNOVATION, INDICATES THAT PRODUCTION PRESSURES MAY HAVE LED SOME CADRE AND MANAGERS TO NEGLECT OR OPPOSE THE PRACTICE. WHILE EMPHASIZING THE IMPORTANCE OF "MASS PARTICIPATION" , THE ARTICLE ACKNOWLEDGES COST LIMITATIONS. FOR MANAGERS, THE CONFLICT BETWEEN COST AND PRODUCTION CONSIDERATIONS AND MASS TECHNOLOGICAL INNOVATIONS WILL PROBABLY BECOME EVEN SHARPER IN 1975 IN THE FACE OF PRODUCTION DEMANDS ARISING IN THE LAST YEAR OF THE FOURTH FIVE YEAR PLAN. END SUMMARY.

1. AS A FUNDAMENTAL ELEMENT WITHIN THE MAOIST TENET OF SELF RELIANCE, TECHNOLOGICAL INNOVATION IS A SUBJECT NORMALLY DESCRIBED ONLY IN POSITIVE TERMS BY THE PRC. A NOVEMBER "REDFLAG" ARTICLE, EXCERPTED IN NCNA (NOVEMBER 21), POINTS OUT ANOTHER SIDE TO THE SUBJECT. IT INDICATES THAT SOME MANAGERS AND CADRE, HARD PRESSED TO MEET PRODUCTION GOALS MAY HAVE CALLED THE PROCESS IN TO

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 HONG K 12730 240116Z

QUESTION AND ARE OPPOSING IT-- PARTICULARLY AS IT TAKES

THE FORM OF A MASS MOVEMENT AND INTERFERES WITH PRODUCTION. IN THE ESCRPTS, THE OPPOSING LINES ARE CLEARLY DRAWN BETWEEN INITIATING A MASS MOVEMENT OF TECHNOLOGICAL INNOVATIONS AS OPPOSED TO RELYING ON A "HANDFUL OF PEOPLE DOING THIS COOLLY" OR EVEN GOING "SO FAR" AS TO RELY ON SPECIALISTS.

2. HEAVY PRESSURE TO MEET OR EXCEED FOURTH QUARTER PRODUCTION GOALS HAS APPARENTLY LED SOME CADRE AND MANAGERS TO NEGLECT OR EVEN CLAMP DOWN ON THE PRACTICE OF TECHNOLOGICAL INNOVATIONS. IN "RED FLAG'S" VIEW, WHEN PRODUCTION TASKS ARE HEAVY, "IT IS EVEN MORE NECESSARY" TO UNDERTAKE INNOVATIONS. IT USES AS AN EXAMPLE A MILLING MACHINE PLANT IN PEKING THAT HAS CREATED 3,600 TECHNOLOGICAL INNOVATIONS SINCE 1969 THUS CONTINOUSLY INCREASING PRODUCTION.

3. TECHNOLOGICAL INNOVATION IS A FREQUENT SUBJECT OF PRC MEDIA. THE THRUST OF THE " RED FLAG" PIECE, HOWEVER, AS EXCERPTED IN NCNA, IS ON THE IMPORTANCE OF "MASS PARTICIPATION" IN TECHNOLOGICAL INNOVATION. IT HARKESN BACK TO THE THEME OF "RED VERSUS EXPERT" AND IS THUS IN KEEPING WITH MORE RADICAL ECONOMIC TENDENCIES IN THE PRC. NEVERTHELESS, IT IS CAREFUL TO RETAIN A RATIONAL, PRACTICAL ELEMENT. WORKERS ARE EXHORTED TO USE THE MACHINES AT TIMES WHEN THEY ARE NOT NEEDED FOR PRODUCTION AND TO USE ONLY DISCARDED AND OBSOLETE MATERIALS. SPACE FOR MAKING AND TESTING NEW THINGS IS TO BE PROVIDED "WHERE POSSIBLE". WHILE ACKNOWLEDGING THE IMPORTANCE OF PRACTICING ECONOMY AND COMBATING WASTE (TWIN THEMES OFTEN APPEARING IN PRC MEDIA), "RED FLAG" CALLS ON THE LEADERSHIP NOT TO CONSIDER THE "COST" OF TECHNICAL INNOVATIONS AS "WASTE " AND OPPOSE THE PROCESS. "IT IS IMPOSSIBLE TO DEMAND THAT INNOVATIONS COST NOTHING", BUT WORKERS SHOULD STRIVE TO KEEP COSTS DOWN.

4. THE PROBLEM FOR THE MANAGER IS OBVIOUS. HE IS TORN BETWEEN MEETING TOUGH PRODUCTION SCHEDULES WITHOUT WASTING SCARCE RESOURCES AND SATISFYING THE "CREATIVE SPIRIT OF THE MASSES" SEEKING TO UTILIZE SCARCE TIME, SPACE, EQUIP-

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 HONG K 12730 240116Z

MENT, AND MATERIAL. WE WOULD EXPECT SUCH CONFLICT TO BECOME EVEN SHARPER IN 1975 AS PRC INDUSTRY PRESSES TO MEET ITS COMMITMENTS IN THE FINAL YEAR OF THE FOURTH FIVE YEAR PLAN.

CROSS

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DEVELOPMENT PROGRAMS, TECHNOLOGICAL EXCHANGES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 22 NOV 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974HONGK12730  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740340-1014  
**From:** HONG KONG  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19741121/aaaaarf.tel  
**Line Count:** 112  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** KelleyW0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 22 JUL 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <22 JUL 2002 by elyme>; APPROVED <24 MAR 2003 by KelleyW0>  
**Review Markings:**  
  
Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005  
  
**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** TECHNOLOGICAL INNOVATION--- A SOURCE OF CONTENTION SUMMARY: A NOVEMBER "RED -FLAG" ARTICLE CALLING FOR A MASS  
**TAGS:** ECON, EIND, TECH, CH  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005